

How bond raters are shaping UC's agenda

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an additional \$750 million was deferred until the end of the fiscal year. The university has used its own liquidity and borrowings under taxable commercial paper to bridge this funding gap." In other words, UC is not able to account for how much money it gets from the state each year because it is involved in a complicated system of lending and borrowing state funds.

Not quite so poor

While we still do not know exactly how much money the university has lost from the state, we do know that even during the fiscal crisis, which justified furloughs and layoffs, UC continued to increase its revenue and profits. "Moody's believes that the University's demonstrated ability to grow financial resources through operating performance, investment returns, and philanthropy should support planned strategic capital investments and additional leverage. UC's financial resources have grown from approximately \$11 billion in FY2002 to nearly \$13 billion in FY2009, including the recognition of over \$2.3 billion of post-retirement health obligations." Due to the diversified nature of its funding streams, UC is able to claim poverty, while it brings in record profits.

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Carolyn Buckmaster, photo



October 7 day of action at UCSD

One place where the university has performed well is in its ability to stay highly liquid. "The university's policy is to not allow more than \$200 million of CP [commercial paper] to mature on any given day, therefore limiting maturities within a given week to \$1 billion. The university retains significant liquid investment holdings, including \$630 million of U.S. Treasury and Agency securities not on loan as of June 30, 2010.

"The university also holds additional U.S. Treasuries and Agency securities on loan (\$2.0 billion). In addition, the university holds over \$6 billion in corporate commercial paper and other investment-grade fixed income securities that could

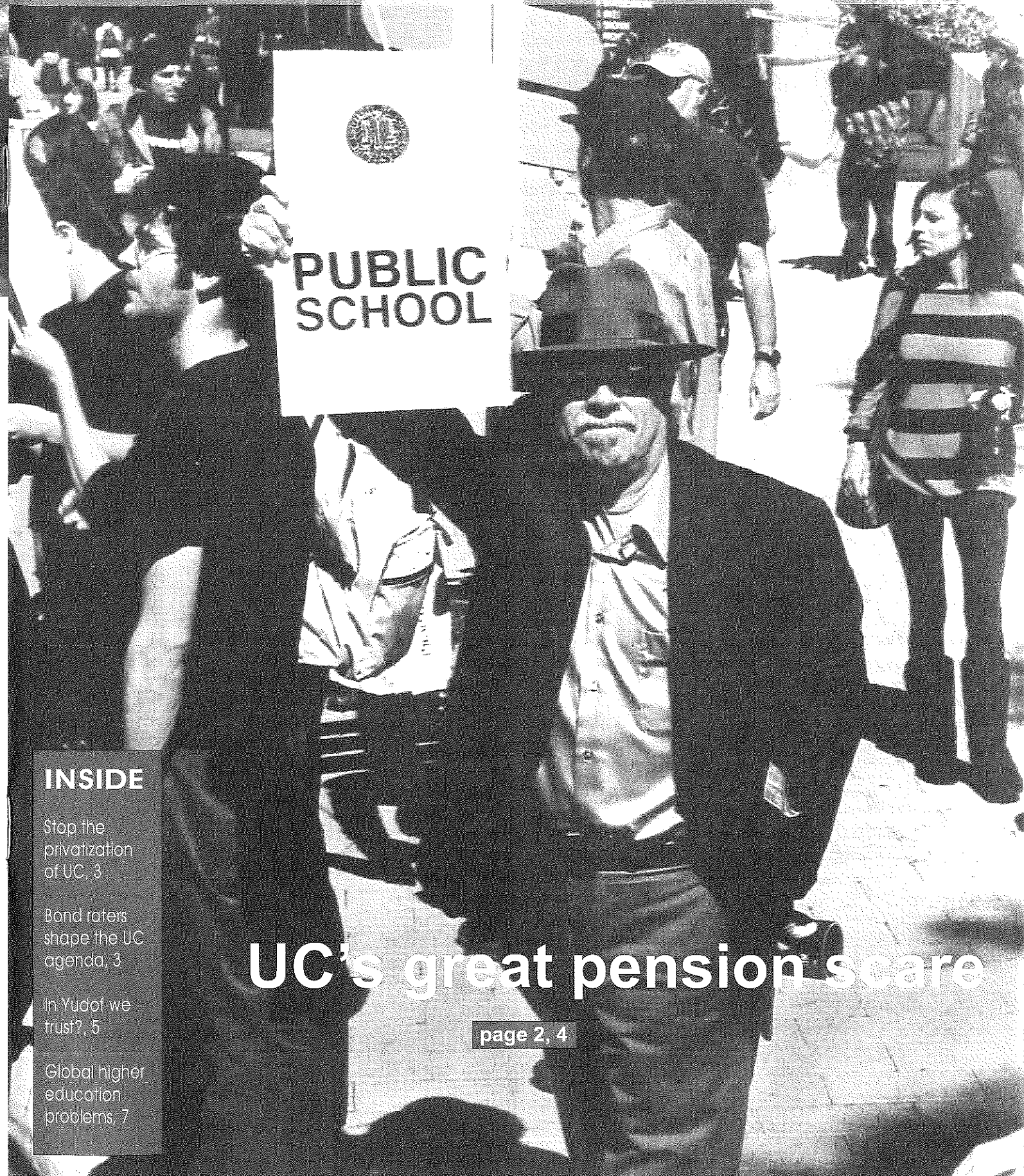
be liquidated within a week." The university thus has a high level of debt but also a high level of assets it can cash in at a relatively short notice.

While UC clearly does not face a fiscal crisis, it does have a very high level of debt due mostly to ongoing construction projects, and while the bond raters are pushing UC to reduce its retiree liabilities by reducing benefits, this report also shows that the unfunded liabilities are mostly an accounting figure used to justify further reductions in employee costs. If the university wants to reduce its debt and its reliance on the neoliberal investment services, it is clear that it has to change its focus from construction to instruction.

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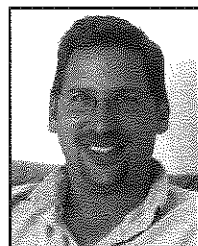
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BOB SAMUELS, UC-AFT PRESIDENT

UC's great pension scare

Throughout the last year, I have discussed many of the ways universities are scaring faculty and workers into accepting lower salaries and benefits as their workloads increase. This great squeeze echoes the general move of our "winner-takes-all" economy: workers are being asked to do more for less as the wealthiest among us continue to increase their earnings and political power. In the case of the UC system, I have documented how an exaggerated fiscal crisis helped to usher in furloughs, layoffs, and increased fees and tuitions, and I have warned that the retiree liabilities will be used to institute a permanent state of fiscal crisis. We have now entered fully into the great pension scare.

My argument is not that UC employees should reject any increase in their contributions to the retirement plan. However, I have stressed that we need to understand the truth about the financial status of the university and the pension plan. Unfortunately, university officials cannot stop themselves from circulating half-truths as they try to force more concessions from workers. To begin my analysis of this administrative strategy, we can look at a recent article from the *Chronicle of Higher Education* entitled, "As pension costs rise, public colleges pay the price."

Manufacturing panic

This article opens with the usual rhetoric of panic and crisis that we find in most pieces dealing with public pensions: "Pension costs are spiraling out of control at the University of California, which, unlike most college systems, runs its own pension plan. Within two years, the 10-campus system expects to contribute \$700 million per year just to keep its plan afloat—nearly as much as the cuts in state support last year that generated protests

and threw the system into crisis."

The first thing to point out about this statement is that it does not distinguish between the amount the university itself has to pay and the amount it will make external grants and services (like the medical centers) contribute. Since UC itself claims two-thirds of the employer contributions will come from external sources and services, the \$700 million figure can be reduced to \$230 million. Moreover, the university is asking the state to pay for the \$230 million, and while this funding from the state does not seem likely this year, it could be arranged in the future.

We also have to question why the *Chronicle* sought to compare last year's protests over the state reductions to the pension issue. It appears that they are fueling the idea that the greedy workers are making tuition costs go up because they refuse to give up their great pension deals. This common discourse of pension envy is coupled with a repression of the true cause for the university's financial woes: "But the recession reduced the university's investment by \$16 billion, or a third of the plan's value. Now, in order to keep the fund solvent, the system and its employees must contribute billions of dollars in the coming years just as the system struggles to survive deep cuts in state support. Workers will most likely be paid less over all, and campuses will need to divert."

The first thing to note about this passage is that it begins by simply blaming the loss of \$16 billion on the "recession." There is no acknowledgment here that perhaps bad investment strategies are the real cause for the pension's underfunding. Furthermore, the article predicts that the need to fund the pension plan will inevitably result in the decrease in workers' salaries and a diversion of university funds.

On the cover: San Diego UC-AFT local secretary treasurer Stephen Potts, who is a lecturer in Literature, marching for public education on October 7 (Maria Tillmanns, photo).

Investments are key

In a now-repeated view, Peter Taylor, the head budget person for the UC system, argues that the university will have to spend more money on the pension than it does on instruction: "Unless it makes changes, the system is on track to spend more on retiree pensions and health care than it does on instruction by 2014," says Peter J. Taylor, the system's chief financial officer. What Taylor does not say here is how little the university currently spends on instruction, but the rhetorical strategy

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UCSD students, faculty and staff gather on October 7 (Maria Tillmanns, photo).

Stop the privatization of UC

Students, educators and citizens in recent years have sounded increasingly louder alarm at the erosion of public funding and covert privatization of California's higher education.

Protests over the last year confronted UC on these issues and have resulted in increased funding from the state for higher education. While this commitment of state funds is essential for moving forward, the necessary "crisis" was not wasted by UC, and imminent votes by the regents could signal victory for the billionaire financiers running our university.

So how do we stop the regents from executing their plan to privatize UC?

Our power is in the coordinated efforts of Senate and non-Senate faculty, staff, and students. Over the next three months, we must collectively resist the proposals to further increase student fees, to undermine the Academic Senate, and to dramatically reduce retirement benefits for UC workers, among other things.

We must bring all of our resources to bear on the regents to the point where they find it impossible to approve the worst of the recommendations forwarded by their puppets at UCOP.

We have proposed legitimate alternative measures that prioritize educational quality, shared governance, and secure, livable retirements. UC-AFT is working in coalition with other UC unions and members of Senate faculty committees to forward these measures through formal channels. Representation by union leaders and faculty committee members will not be enough.

Our individual voices will need to be heard in unison in order to win this fight. Talk to your faculty colleagues, talk to your students, talk to the staff in your department. Be prepared for a call to action to save UC!

RESOURCES

<ucaft.org/category/issues/protect-your-pension>
<ucaft.org/category/issues/commission-future-uc>
<changinguniversities.blogspot.com>
<www.utotherescue.blogspot.com>

How the bond raters are shaping the UC agenda

During a recent press conference discussing the changes in UC post-retirement benefits, one of the university budget officers declared that the efforts to reshape the pension plan have already been applauded by Moody's in its latest bond ratings.

Let's look at the investors' service report, dated September 9, 2010. "Moody's assigns AA2 rating to University of California's limited project revenue bonds 2010 series E and F; university's other ratings affirmed with stable outlook." It includes the following statement: "The university's retirement health and pension plans represent a significant and growing liability and expense of the system. We believe the university will need to take significant steps to either curtail the benefits or improve ongoing funding of the costs in order to sustain its long-term credit quality. However, the university has been pro-active, creating a taskforce dedicated to provide recommendations to modify the current benefit design that should result in a reduction in the liability."

Here the bond raters clearly indicate that if UC wants to maintain its high long-term credit rating, it must show that it is willing to "curtail" or "modify" retirement benefits.

What's not said

The push to drive down the costs and value of the UC retirement plan is coupled with the claim that the university is still in a healthy fiscal state because it remains "one of the premier higher education systems in the world, serving over 220,000 students, conducting over \$3.7 billion of research annually, and generating in excess of \$5 billion of net patient revenue in fiscal year (FY) 2009 at its five

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UC offers new pension plan to redistribute wealth to the top

Many pages into the UC Post-Retirement Benefits Task Force Report, one discovers that not only will the new proposed plan reduce the retirement benefits of many new hires by 50%, but the university also intends to increase the retirement payouts to the highest earners in the system. For example, under proposed plan A, people making \$67,000 would see their average retirement payout go from \$9,750 to \$4,980, and their retiree healthcare benefit would be reduced from \$6,135 to \$3,313. Meanwhile, a senior manager making \$250,000 in plan A would face a retirement reduction from \$66,000 to \$50,000. While it may seem unfair that a person making a lower salary loses 50% of his or her retirement, but the person making \$250,000 is only reduced 25%, we are told not to worry because Social Security will make up the difference for the person with a lower salary.

"Trickle up" pension plan

The central argument put forward by the steering committee of the task force is that since low-wage workers make most of their retirement income through Social Security, they can survive on a more reduced pension. However, the dissenting opinion by faculty and staff reveals the inequality built into this proposed system. "The Task Force report presents a graph showing the income replacement provided at various income levels by current UCRP, Option A, and Option B for employees retiring at age 65. This graph obscures the fact that Options A and B both represent a drastic reduction in pension benefits for those who retire in their late 50s, the average retirement age of UC staff. Option A would reduce the UCRP benefit of an employee retiring at age 60 with a salary of \$55,000 by 56.8%, while Option B would reduce it by 42.4%." If we factor in the current average age of retirement for particular groups of employment, we discover that the people making the lowest salaries will have their pensions reduced the most.

While current employees may feel that they have escaped this new system,

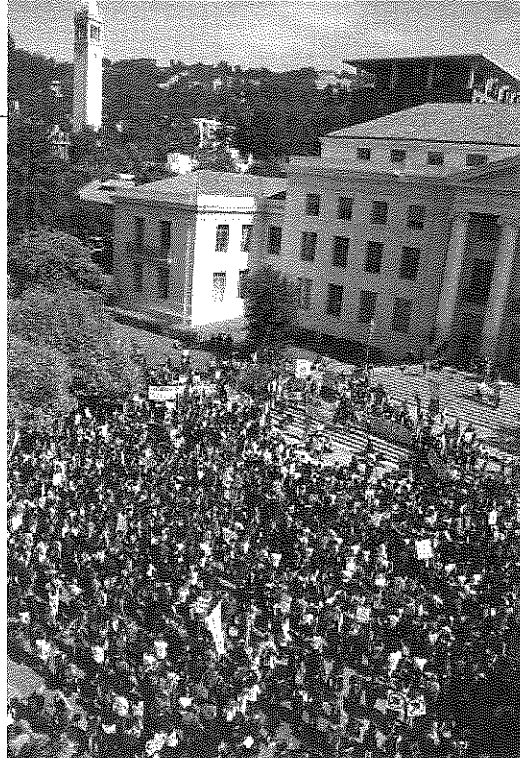
it is important to note that all employees will be allowed to opt into the new tier, and the university will induce people to buy into a reduced benefit by raising the employee contribution level higher than the level for the new plan. At our last benefits briefing, we were told that in 2013 the employee contribution may go to 7% or even higher. According to the dissenting opinion of the faculty and staff, this type of forced choice may be illegal. "Historically, employee contributions to UCRP for employees enrolled in Social Security have never exceeded 3%; raising contributions above 7% fundamentally alters the terms of UCRP and has the effect of coercing current employees to 'choose' the new plan. This coerced 'choice' raises questions."

Inequality not a fix

The dissenting opinion not only objects to the new proposed plans on the grounds that they will create a great inequality in the system, but also because it is clear that the proposed new tier will do nothing to bring down the costs of the system for the next ten years. "The employer normal cost of Option B, 9%, is higher than the 7.3% employer normal cost of Option A. However, as the Executive Summary itself documents, Options A and B result in the same cost to the operating budget for the years 2011-2021."

Since the proposed system is unjust and will not reduce the operating budget in the next ten years, it is unclear why the steering committee of the task force decided to recommend options A and B.

What is clear, however, is that the task force is controlled by people who are dedicated to increasing compensation at the top. As the dissenting opinion argues, "In recommendations #10 and #11, the Steering Committee proposes 'restoring' benefits to those whose salary exceeds the IRS covered compensation cap. The Academic Senate is on record as opposing Recommendation #10 (Letter from Senate Chair Croughan to President Yudof, 03/08/09). Recommendation #11 appears to be a mechanism to extend retirement benefits (admittedly not drawn from the UCRP trust fund) to these highly com-



October 7 march for public education at UC Berkeley's Sproul Plaza

pensated individuals in ways that are less visible to the public. While we advocate competitive total remuneration for all UC employee groups, it is unseemly to provide a large 'restoration' of pension benefits to highly compensated employees at the same time that pension benefits of other groups are being curtailed; the effect on faculty and staff morale and on the University's public relations would be highly detrimental."

It is strange that UC uses Social Security income as a justification for cutting the benefits of low-wage workers, but supplemental retirement packages for the highest compensated people are justified on the grounds of the need to retain "talent."

Of course, one of the great talents of senior management is their ability to increase their own incomes, while they claim that everyone else must sacrifice. The dissenting opinion brings this message home by showing how the proposed benefit cuts represent a sustained reduction in compensation for most employees. "It should not be overlooked that the university's credibility with current employees will be severely damaged, and it will be understood that furloughs are to be replaced with permanent cuts in total remuneration — furloughs by another name." As I have argued, the retirement liabilities are being used to scare employees into accepting reduced pay and benefits. Let's all join together to fight this pernicious move. — Bob Samuels

Commission on the Future of UC

Alternatives to a privatized future are possible

by Bill Quirk

The University of California will change in a number of significant ways if the regents accept the recommendations of the Commission on the Future of UC this November. Primary among the changes, and essential to the "success" of many of the other recommendations, is a move characteristic of private sector institutions: consolidation of power at the top.

Centralizing power

Since the regents hired President Yudof in late 2008, he has made at least two unprecedented moves to consolidate power at the Office of the President.

First, he asked for and was granted the right to evoke "emergency powers" in spring of 2009. This designation allowed Yudof to effectively suspend shared governance and to assert a much more robust power in the Office of the President. Yudof quickly declared a financial emergency, which he used to justify furloughs and fee increases, despite an injection of federal cash that was nearly equivalent to the state shortfall.

Second, Yudof and regent Richard Blum formed the Commission on the Future of UC to make recommendations on how UC would function in a continuing era of inadequate state funding. When the committee's recommendations didn't go far enough in fulfilling Yudof's privatization agenda, he directed his staff to insert his own recommendations into the final report.

Those insertions recommend that program review and curriculum oversight become functions of the central administration. Such tasks are currently under the purview of campus academic senates. Yudof's version of the future of UC also includes further increases in student fees, reliance on on-line courses and self-supporting programs, and increases in out-of-state admissions.

Through these initiatives, Yudof and the regents plan to generate additional unrestricted funds, which are not likely

to be spent on education, while gaining the authority to disestablish programs they see as too expensive or duplicative.

An alternative vision

UC-AFT has presented alternatives to the Commission on the Future proposals. Our proposals are directed at increasing funding for undergraduate education while maintaining access, affordability, and quality.

In a recent report compiled by the Alternative Commission on the Future, a UC faculty member put it this way: "UCOP has preempted any faculty opinion in the academic senates and general assembly from being heard or considered. Everyone is up in arms about virtually every one of the commission's recommendations, as well as the poor regent's decisions and lack of transparency, but there are no outlets to be



You can read our alternative proposals at <ucaft.org/content/alternative-commission-proposals-future-uc>.

The Academic Senate, which had several members working on the Commission, has also published a response to the final recommendations of the Commission on the Future. Their response rejects many of the last minute UCOP insertions. (See <www.universityofcalifornia.edu/senate/reports/Councilresponse_Round2COTF.pdf>.)

heard." Read the report at <ucaft.org/webfm_send/82>.

Bill Quirk serves as UC-AFT's director of education, as well as an organizer at UCSB.

California Senate approves major bill on community college faculty

The state Senate approved Assembly Concurrent Resolution 138 by a 23-to-11 vote on Monday August 23rd. This bill calls for community colleges to staff at least 75% of their student credit hours by full-time tenure and tenure-track faculty.

Moreover, the bill affirms the principle of non-tenured part-time faculty receiving equal pay for equal work. However, all of these requirements are based on available funding and collective bargaining agreements.

It is important to stress that, in the California community college system, one cannot be full-time without being on the tenure track. Unlike the UC and CSU systems, there are no full-time, non-tenure-track positions, and community college faculty who are not eligible for tenure can only work up to a 67% appointment.

The current legislation is part of the AFT's Faculty and College Excellence (FACE) campaign that tries to do two seemingly opposing things: increase the number of tenure-track positions and provide equity and job security for non-tenured faculty. While UC-AFT supports this effort for community colleges, we argue that this type of policy does not work for research universities since faculty members in those institutions have distinct job descriptions.

Strategy for lecturers

In the context of research universities, it is hard to determine what equal pay for equal work would mean because faculty are doing very different jobs. For example, the University of California contends that the reason it pays tenured professors so much more than non-tenured lecturers is that professors are required to do research, teaching, and service, but most lecturers only teach. While it is untrue to say that lecturers do not do service and research, we do recognize that lecturers are defined by their teaching responsibilities, and this is not

necessarily a bad thing.

Since lecturers have teaching as their primary mission, they become central to the undergraduate mission of the university; and yet, a major problem exists because these teachers in charge of instruction are not members of their academic senates. In fact, lecturers are often referred to as "non-Senate faculty" in order to stress their exclusion from shared governance. One of the results of this denial of democratic participation is that faculty senates often make curricular decisions without consulting the people who are actually doing the teaching. To correct this problem, UC-AFT hopes that in the future, lecturers will be granted full rights to participate in their faculty senates.

Approach pays off

As lecturers have been denied their role in university shared governance, UC-AFT has concentrated on negotiating and enforcing collective bargaining agreements that improve the job security and equity of non-tenured faculty in the UC system. We have also shown how the working conditions of lecturers directly determines the learning conditions of undergraduate and graduate students, and while we have not pushed for pay parity with Senate faculty, we have gained parity in benefits and academic freedom rights. Furthermore, unlike the AFT FACE campaign, UC-AFT has not sought to push for more tenure-track lines or total pay equity for part-time faculty. Instead, we have tried to make non-tenure-track positions as secure and equitable as possible.

Last year, more than a hundred lecturers with continuing appointments were given one-year layoff notices and hundreds of other lecturers in their first six years of service faced job losses. We are happy to report that almost all of the continuing appointment lecturers have had their layoff notices rescinded, and many of the other lecturers have been

rehired. To get these jobs back, we had to expend a lot of time and resources on grievances, protests, and media campaigns, and it looks like we will have to continue this defense of our jobs and undergraduate education in the coming years. While we do not think we can legislate UC into supporting non-tenured track faculty, we do intend to continue our efforts to promote equity and job security for all faculty members.

Oh Canada!

We have a global higher education problem

I recently returned from the Coalition of Contingent Academic Labor meeting in Quebec City, where I heard representatives from Canada, Mexico, and the United States discuss the current challenges facing higher education.

It turns out that things are bad all over, and even the seemingly progressive Canadian system is being undermined by tax cuts and right-wing ideology. Not only are Canadians being asked to pay more tuition for an education that

was once free, but part-time teachers are losing their rights to unionize and strike, while university budgets are being slashed. In fact, the current conservative government in Canada appears to be taking its marching orders from America's backlash against public education, public employees, and public pensions.

Globalized attacks

Three growing shared trends that many speakers mentioned were the casualization of the labor force, the defunding of the public sector, and the privatization of public institutions. All across the globe, it appears that there is a growing desire for higher education, but the increased demand is being met by a decrease in supply, and the result of this mismatch is that public institutions are being stratified, while private corporations step in to take advantage of desperate, low-income students.

Moreover, many of the private, for-profit organizations throughout the world are using the same business model to cut costs and increase profits, and this system relies on eliminating job security (tenure), increasing managerial control, and relying on the web to deliver course content to students and consumers.

Undermining public education

In the developed world, the same story is being repeated: due to a growing divide between the super-wealthy and everyone else, there is an increased demand by the elites to cut taxes and reduce the funding for public education. Since these public schools are losing their state funding, they feel that the only thing they can do is to copy the practices of private institutions, and a favored model is to look to corporations to fund research, while tuition is raised so schools can cater to the rich.

Furthermore, while the high tuition/high aid model looks like it protects some semblance of fairness, the

result of this system is the decimation of the middle class. In fact, all of the global trends point to elimination of the middle and the rise of a two-tiered hierarchy that pits the wealthy against everyone else.

Change is possible

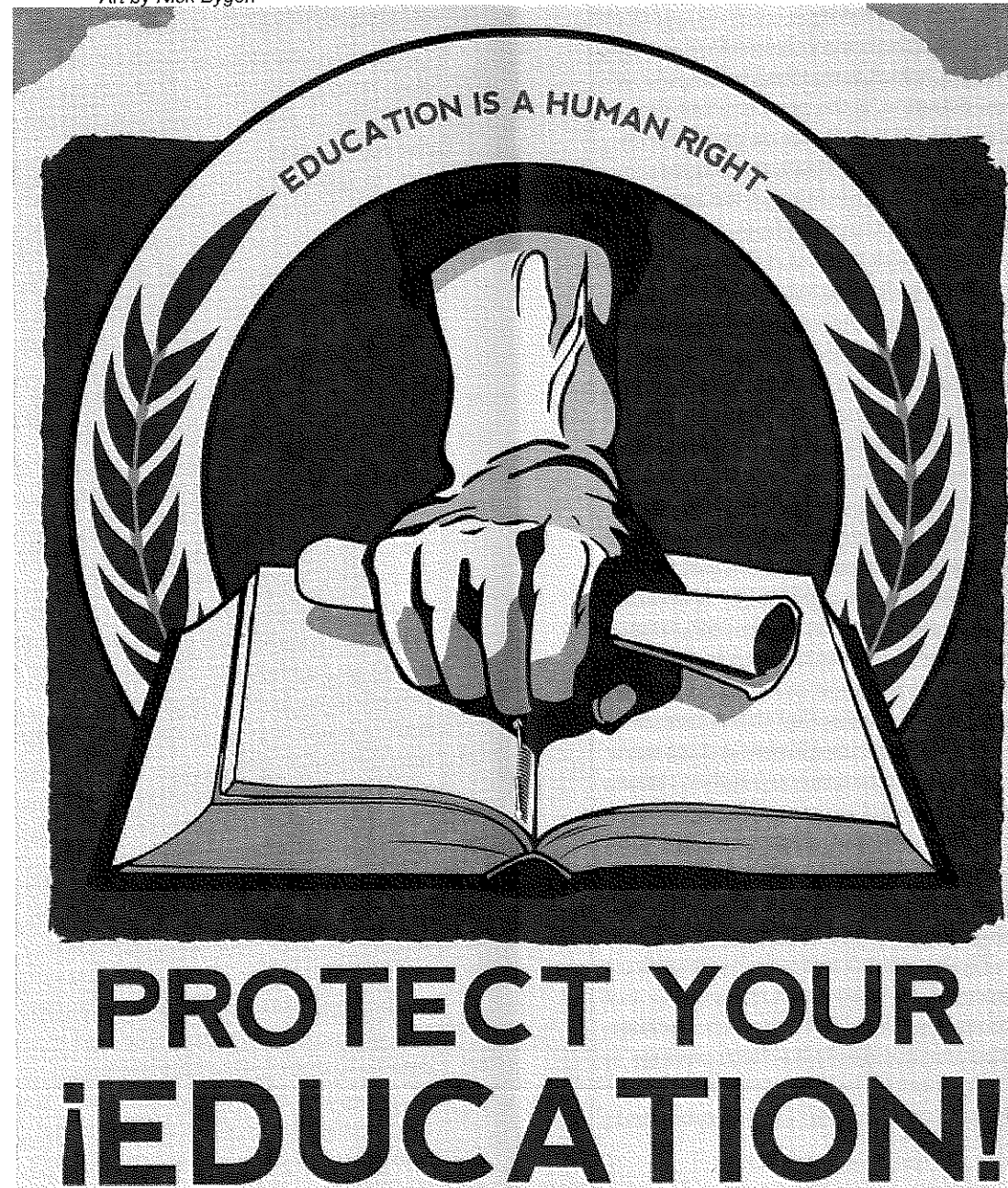
The solution to this global stratification should be clear. We need to defend the middle class, and a central way to do this is to fight for public funding and to roll back tax cuts for the wealthy and corporations. However, conservatives across the world have convinced the non-elites that we can no longer afford things like public higher education, and the real enemy is the public employees with their unions, pensions, and job security.

In this context, the conservative solution is to get rid of all job protections and benefits so that everyone can be put in the same situation. In this type of race to the bottom, all that public employees can do is to fight givebacks and hold onto what they have.

Yet, what would it mean if all public employees started to fight back, and instead of running the race to the bottom, they reversed course and tried to push more people to the top? This strategy would entail fighting for tax increases for the wealthy and increased state funding for public institutions. It would also mean defending pensions, healthcare benefits, and job security as essential basic rights.

Perhaps this campaign for another "Race to the Top" will be led from below, but it needs the support from all of our major organizations. Also, we need to put pressure on our political leaders to follow a more progressive agenda and stop being afraid of the conservative backlash. — Bob Samuels

Art by Nick Bygon



Bond raters & UC

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academic medical centers."

It is important to note that while the medical centers continue to rake in huge profits, they are now apparently resisting contributing their full share of the employer pension contributions. The Post-Employment Benefits (PEB) task force hints at this point by stating that "if the university funds the state share of PEB costs immediately, it cannot be assumed that other fund sources will be able to afford their share without some time to revise their operating models and assess the impact of faculty, students and staff." The "other fund sources" mentioned in this report are the medical centers and research grants that should cover 67% of the employer contributions.

Of course, Moody's does not mention that the medical centers do not want to share their profits, nor that the research grants may already be costing UC

binced \$16 billion in its unrestricted funds and short-term investment accounts, which is not bad for an institution that is supposedly facing a fiscal crisis.

Debt warps development

One of the things that is helping the university to increase its revenue as it cuts costs and benefits for workers is its ability to use low interest rates to take on a huge amount of debt. "Significant capital needs likely to result in rising borrowing levels; debt outstanding has grown from \$8.3 billion in FY2006 to over \$13.3 billion in FY2009 and including new borrowings since the end of the fiscal year, a 61% increase; however we believe management and the board will remain prudent and focus on utilizing debt strategically in a challenging economic environment." Like the rest of America, UC is addicted to debt and continues to increase both its financial holdings and its need for credit.

While the university appears to have unlimited access to cash, the bond

raters once again warn that the system is plagued by unionized workers, governmental regulations, and high healthcare costs: "Substantial exposure to healthcare sector (29% of operating revenues) and associated credit challenges, including generally more volatile operating performance, high susceptibility to regulatory and government payor changes, coupled with unique stresses on California healthcare, including unionized labor, and seismic requirements." Here we see the underlying neoliberal agenda of the bond raters surface; according to this logic, the only thing holding UC back from making more profit and taking on more debt is the fact that there are regulations, unions, and employee benefits. If only the university didn't have to worry about pesky things, like its employees, even more credit would be available.

One area where Moody's thinks the university can improve is in its ability to extract more money from students. "The university has implemented significant tuition increases in the last year and is

likely to continue to implement substantial increases. We believe constraints on future growth in this area will largely be mission-based and politically driven as market drivers would likely allow the university to grow tuition revenues at high rates, especially if the university was willing to seek out a greater proportion of out-of-state students." According to this neoliberal logic, the only thing preventing the university from charging more is politics. While we might expect bond raters to make this type of political anti-political statement, it is important to stress that the more the university relies on debt and high finance, the more it has to follow the will of the raters.

Follow the money

One of the central demands of Moody's, which is matched by the UC administration, is the need to wean the university off its reliance on public funds. This move for privatization is related to an updated accounting of the lack of state funding. "Funding from the State of California (debt rated A1) is likely to remain very challenging for the next several years. The state's support accounted for 14% of operating revenues during FY2009, reflecting a decline in state appropriation revenue of \$561 million or 18%. In FY2010, the reduction is estimated to be an additional \$637 million."

While it looks like UC lost \$1.2 billion dollars during the last two fiscal years, it is important to stress that much of this money was replaced by federal recovery money. "As of May 26th, management reports that the system has received \$837.8 million in ARRA funding." I want to emphasize that this American Recovery and Reinvestment Act money is not federal grant money; rather, these funds were used to bring the overall state reduction for the last two years to under \$400 million. In other words, during each year of its fiscal crisis, UC lost about 1% of its total \$20 billion budget.

However, it is virtually impossible to account for how much money UC receives each year from the state because of the way California has been paying its bills. "In FY2010, the state deferred \$250 million from July until October and

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Grievance and arbitration successes, gearing up for librarians' and lecturers' bargaining

by Alan Karras

UC-AFT has continued its pattern of active work on behalf of its members using the grievance and arbitration process detailed in the MOU.

The past few months have been an especially busy period, as we moved to resolve grievances that had long been in the pipeline. In some cases, the issue was put to rest just as we were preparing our legal case for arbitration. In two other cases, both from UCLA, we went to hearing—meaning the case was put in front of an arbitrator for a final decision. We are awaiting the arbitrators' decisions.

The first case is about the assignment of an increased number of students in sections of the writing program, without either decreasing the amount of assigned work or increasing pay. The second is a case of dismissal of an individual for cause. In that case, UC-AFT does not believe that the appropriate procedures and timelines were used. In addition, we have several more cases in the pipeline for arbitration (UCSC, UCSD, UCB).

Layoffs reversed

Through UC-AFT's efforts, the vast majority of layoffs issued last year have been rescinded; we have not seen similar large-scale layoffs this year. (We have, however, continued to see an increase in the number of non-reappointments of pre-six year lecturers.) Even so, the union was unsuccessful in preventing the elimination of the Technical Communications program at UCB's School of Engineering. All of the courses in that program, though still required, are not being taught and will not be taught for the foreseeable future. The campus lost six long-term and dedicated faculty members. UC-AFT was, however, able to secure some additional compensation and recall rights for these members as part of a grievance settlement.

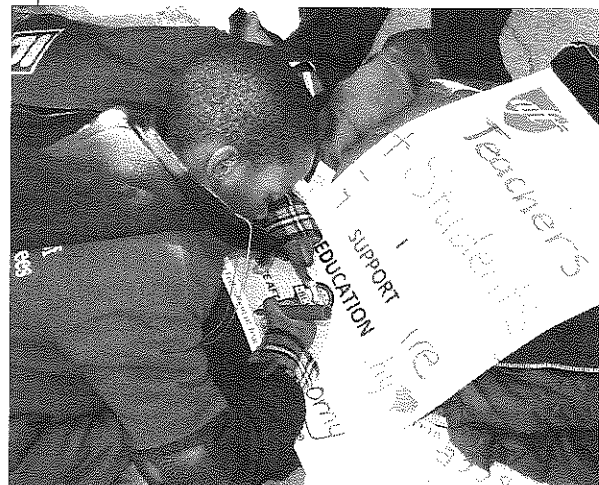
Both the librarians' and lecturers' contracts will be open in the current academic year. The librarians have a reopener bargaining on salary, a hard topic in the best of years—and this is not the best of years. Mike Rotkin will again lead the bargaining for Unit 17, and will soon begin working with UC-AFT staff and librarians to set up a bargaining committee, establish positions, and begin to draft a proposal for the university's team.

The lecturers' contract will completely expire at the end of July, meaning that either UC-AFT and the university can open any and every article for negotiation. Alan Karras will be leading the bargaining for Unit 18; he and executive director Karen Sawislak will begin to meet with UCOP at the end of October to start discussions in advance of bargaining next spring.

In addition, Karras and Sawislak will visit campuses this fall to get a sense of what issues are most important to members, and where to focus UC-AFT's attention in the coming round of bargaining. (There are, as usual, some technical issues that both the university and UC-AFT are interested in fixing, and we hope that these can be dispensed with quickly in the negotiations.) After those meetings, we will be in a much better

position to determine the scope of bargaining and the nature of the bargaining teams and committees.

Both lecturers and librarians should consider the contract and not hesitate to bring up any issues that are of concern



An AFT action at the Capitol earlier this year.

money. Instead, the bond raters stress how UC is currently rolling in unrestricted funds: "Sizeable balance sheet that remains highly liquid, with \$3.5 billion of unrestricted financial resources (\$5.9 billion excluding post-retirement health liabilities) and active treasury management monitoring a short-term investment pool exceeding \$10 billion." Since UC is only paying its retiree healthcare costs on a "pay-as-you-go" basis, the university currently has close to a com-



UC Berkeley students at a Doe Library teach-in on October 7. About 600 students marched to the library after a rally on Sproul Plaza to demand support for public education.

to them, either in these campus forums or directly with members of the bargaining team. This will not be an easy year, given UC's movement to change the pension plans and health care costs. It is, therefore, essential that members be as engaged in the process as possible.

Alan Karras is the union's vice president for grievances and is the associate director of UC Berkeley's International & Area Studies.

UC's great pension scare
(continued from p. 2)

is to pit the students against the faculty and workers and blame the employees for both the increase in student fees (tuition) and the decrease in instructional budgets.

To help clarify the reality of the pension situation, we should keep in mind several important facts. The first is that many of the long-term projections for pension liability and underfunding were made during the lowest point of the global financial meltdown. In fact, after the UC pension lost \$16 billion in 2008 and 2009, it gained back \$10 billion in 2010. This fact is important because many of UC's projections do not take into account these recent investment increases. Moreover, we see that even if UC employees contribute 5% of their earnings to the pension plan, they will only be adding \$400 million to the fund, while a good investment year can bring in \$10 billion. Thus, the most important issue is how the UC invests its money, and how it can protect against major losses.

The simple fact of the matter is that the huge swing in investment losses and gains makes it impossible to make any

needed employee and employer contribution rate.

Another important fact is that, currently, the university calculates the normal yearly cost of the pension plan to be \$1.4 billion, and as of March 30th, 2010, we had \$37 billion in the pension investment accounts. To cover the \$1.4 billion cost each year, UC needs to put in about 17% of payroll (the total covered payroll is \$8 billion). If employees contribute 5% of their salaries (\$400 million), and the university only pays for the state-funded workers (one-third of all employees), the university needs to pay out \$320 million, and if the state does not pay this \$320 million, the university can either take out a bond or borrow money from its own short-term investment fund to pay some or all of the amount.

Perspective needed

While \$320 million is not a small amount, we have to remember that the UC operating budget is over \$20 billion. The rhetoric of crisis thus seems to be misplaced, and what we really have to look at is how UC invests its money, and why it is trying to scare workers into accepting lower pay and benefits for more work. We

also have to pay attention to the temptation for current employees and administrators to sacrifice future workers in order to keep their own pension benefits.

UC has now entered into a giant media campaign to convince

workers that the UC system faces an immediate crisis caused by retirement issues. For instance, in the *Los Angeles Times* article, "UC retirement funds face a shortfall of more than \$20 billion, report says," we are told that "Yudof has warned of terrible consequences if the problem is not tackled quickly. 'If we do nothing, in four years, the university will be spending

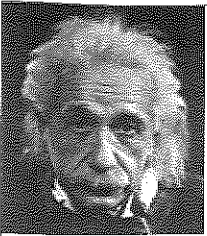
more on retirement programs each year than we do on classroom instruction.'" Once again, the public media strategy is to oppose the interests of the workers against the interests of the students.

By repeating the claim that UC now faces a \$20 billion liability, which will soon balloon into a \$40 billion liability, administrators follow the right-wing attack on public pensions. Since virtually no one understands how these long-term liabilities are calculated, the university feels that it can use this scary number to turn the people against public workers and defined benefit plans. While I am not claiming that the UC system does not face a future problem, the extreme exaggeration of the problem makes it hard to determine the right solution. We should all keep in mind that UC is currently only spending about \$240 million on retiree health care and \$200 million on pensions, and so it is absurd to make it seem that UC will be \$40 billion in the hole in just three years.

By using the huge future liability number, the Post-Retirement Benefits Task Force justifies moving the minimum retirement age move from 50 to 55 and the age for receiving a full pension from 60 to 65. The plan for people hired after 2013 would reduce some people's pension allowance by more than 50%. It is important to stress that the dissenting Senate faculty and staff report rejected the task force's suggestion to have a second tier where employees could choose to pay a lower contribution rate and receive a reduced pension.

While some of the unions have endorsed the need to increase employee and employer contributions to keep the pension well funded, they have also rejected the need to adjust the age requirements and payout calculations. In fact, UC-AFT and AFSCME have been in conversation with Senate faculty members in order to push for a united front against a two-tier system. Finally, after years of negotiating, Yudof has offered the unions the chance to have one union representative sit on the investment advisory board. The unions have decided to forward the name of Bob Samuels to Yudof. Let's see what he says.

Bob Samuels lectures in Writing Programs at UCLA and is president of UC-AFT.



Albert Einstein, charter member of AFT Local 552, Princeton University, comments in 1938 on why he joined the union.

"I consider it important, indeed, urgently necessary, for intellectual workers to get together, both to protect their own economic status and, also, generally speaking, to secure their influence in the political field."

UNIVERSITY COUNCIL - AMERICAN FEDERATION OF TEACHERS
MEMBERSHIP FORM

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UC-AFT dues are 1.35% of gross monthly salary for librarians and non-Senate faculty who do have exclusive representation. Dues are .996% of gross monthly salary for Academic Senate faculty and academic researchers who do not have exclusive representation. In either case, dues are capped at \$65.00 per month. Dues will be deducted each month from your payroll check. Dues paid to UC-AFT may not be tax-deductible for federal tax purposes; however, under limited circumstances, dues may qualify as a business deduction. Check with your tax consultant.

 EMPLOYEE ORGANIZATION MEMBERSHIP PAYROLL DEDUCTION AUTHORIZATION UPAY 689 (10/80) PLEASE PRINT OR TYPE	CAMPUS	LOC	EMPLOYEE I.D.	DATE
	ACTION ON THIS FORM TO BECOME EFFECTIVE THE PAY PERIOD BEGINNING			
	MONTHLY DEDUCTION			
	LAST NAME, FIRST, MIDDLE INITIAL	ENROLL	CANCEL	CURRENT AMOUNT
DEPARTMENT EMPLOYED AT U.C.	DUES	✓		
TITLE AT U.C.	INITIATION FEES			
ORGANIZATIONAL NAME (INCLUDE LOCAL NAME AND NUMBER)	GENERAL ASSESMENT			
AFT LOCAL				TOTAL

I authorize The Regents of the University of California to withhold monthly or cease withholding from my earnings as an employee, membership dues, initiation fees and general assessments as indicated above.

I understand and agree to the arrangement whereby one total monthly deduction will be made by the University based upon the current rate of dues, initiation fees, and general assessments. I ALSO UNDERSTAND THAT CHANGES IN THE RATE OF DUES, INITIATION FEES AND GENERAL ASSESSMENTS MAY BE MADE AFTER NOTICE TO THAT EFFECT IS GIVEN TO THE UNIVERSITY BY THE ORGANIZATION TO WHICH SUCH AUTHORIZED DEDUCTIONS ARE ASSIGNED AND I HEREBY EXPRESSLY AGREE THAT PURSUANT TO SUCH NOTICE THE UNIVERSITY MAY WITHHOLD FROM MY EARNINGS AMOUNTS EITHER GREATER THAN OR LESS THAN THOSE SHOWN ABOVE WITHOUT OBLIGATION TO INFORM ME BEFORE DOING SO OR TO SEEK ADDITIONAL AUTHORIZATION FROM ME FOR SUCH WITHHOLDINGS.

The University will remit the amount deducted to the official designated by the organization.

This authorization shall remain in effect until revoked by me allowing up to 30 days time to change the payroll records in order to make effective this assignment or revocation thereof - or until another employee organization becomes my exclusive representative.

It is understood that this authorization shall become void in the event the employee or organization's eligibility for payroll deduction terminates for any reason. Upon termination of my employment with the University, this authorization will no longer be in effect.

This authorization does not include dues, initiation fees and general assessments to cover any time prior to the payroll period in which the initial deduction is made. Payroll deductions, including those legally required and those authorized by an employee are assigned priorities. In the event there are insufficient earnings to cover all required and authorized deductions, it is understood that deductions will be taken in the order assigned by the University and no adjustment will be made in a subsequent pay period for membership dues, initiation fees and general assessments.

EMPLOYEE SIGNATURE	DATE
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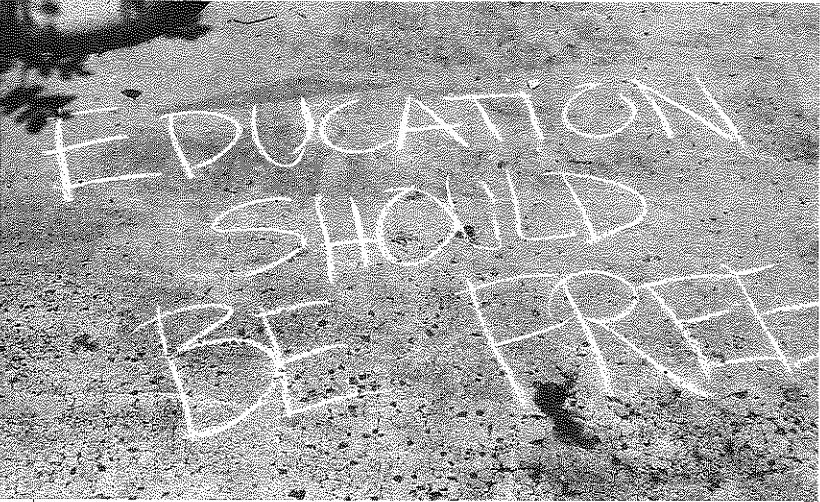
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TRAN CODE	EMPLOYEE ID NO.	DATE	ELEMENT NO.	BAL CD	AMOUNT
1	2 4	12 13	16 19	22	23 24 30
X1		MO DY YR	6	G	
X1		MO DY YR	6	G	
X1		MO DY YR	6	G	

RETENTION: 1 YEAR AFTER INACTIVE . ACCOUNTING OFFICE

Return form to Treasurer, UC-AFT, 11728 Wilshire Blvd., #B1007, Los Angeles, CA 90025

Maria Tiliannis, photo



long-term predictions with any accuracy, and yet current accounting requirements force the university to predict future returns, interest rates, faculty salaries, and other unpredictable elements far into the future. Given that these accounting projections are always wrong, I have suggested that the university set up a system to negotiate every year or every other year the